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*Rembrandt*

JEWELRY LIMITED

## INTERIM REPORT

To the Shareholders:

We are pleased to report that in the six months ended June 30, 1973, sales increased from \$1,290,954 to \$2,046,113, 58 per cent, and profits increased from \$160,473 to \$309,320, 93 per cent.

On July 12, 1973 Rembrandt Jewelry Limited purchased The Electric Chain Company of Canada Limited, its wholly owned subsidiary Ecco Jewellery Sales Limited and its minority interest in Ecco Jewellery Limited (United Kingdom). The attached figures do not include the results of operations of this acquisition.

Ecco Jewellery Limited (United Kingdom) is the distributor for products manufactured by The Electric Chain Company of Canada Limited. As a direct result of this acquisition Ecco Jewellery Limited (United Kingdom) has become distributor for the products of Rembrandt Jewelry Limited.

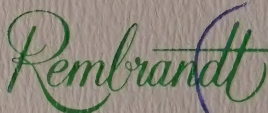
The favorable response to Rembrandt's products in the United Kingdom has led to substantial opening placement orders, indicating that we can look forward to a considerable increase in 1974 export sales.

Rembrandt Jewelry Limited's management is pleased with the results of the first six months and look forward to a similar increase in the second six month period of 1973.

On Behalf of the Board,  
EDWARD ABRAMS,  
Chairman

August 14, 1973

(see over)



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## JEWELRY LIMITED

### UNAUDITED INTERIM STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 1973

	1973	1972
Sales	<u>\$2,041,113</u>	<u>\$1,290,954</u>
Earnings from operations before the following charges:	\$583,066	\$322,712
Depreciation	19,740	10,857
Interest on short-term debt	22,941	1,620
Interest on long-term debt	7,074	697
Income taxes (Note)	<u>223,991</u>	<u>149,065</u>
Net earnings for the period	<u>\$309,320</u>	<u>\$160,473</u>
Net earnings per share	<u>\$0.31</u>	<u>\$0.16</u>
Common shares outstanding	<u>1,000,000</u>	

### UNAUDITED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED JUNE 30, 1973

	1973	1972
Source of funds		
Operations		
Net earnings	\$309,320	\$160,473
Charges not requiring an outlay of funds		
Depreciation	19,740	10,857
Deferred Income Taxes	<u>7,022</u>	<u>2,800</u>
	<u>\$336,082</u>	<u>\$174,130</u>
Application of funds		
Purchase of Fixed Assets	\$52,314	\$28,317
Increase in Organization Expense	10,314	
Decrease in long term debt		10,200
	<u>\$62,628</u>	<u>\$38,517</u>
Net increase in working capital	\$273,454	\$135,613
Working capital beginning of period	<u>566,995</u>	<u>523,688</u>
Working capital end of period	<u>\$840,499</u>	<u>\$659,301</u>

**Note:** Income Taxes have been provided based on the enactment by the Federal Government of the May, 1972 Budget.